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DIGEST OF DISCUSSIONS
AT COTTON CONFERENCE JUNE 3.

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Two of the Nation's largest textile manufacturers, spokesmen for organizations comprising the majority of the industry, agreed with two Southern senators today that immediate steps should be taken for the abandonment of more than 20 percent of this year's cotton acreage.

At a conference called by the Agricultural Adjustment Administration to discuss the application of the new farm act to cotton, Cason J. Callaway, president of extensive textile interests in Georgia, as spokesman for the American Cotton Manufacturers Association, and W. D. Anderson, president of the Bibb Manufacturing Company, spokesman for the Cotton Textile Institute, asserted that the textile industry was in favor of immediate action which would reduce the size of this year's cotton crop.

Both speakers endorsed the Bankhead amendment to the national recovery act now pending in Congress, which would appropriate $200,000,000 to the Secretary of Agriculture to be used for production-control measures on basic commodities this year.

Senator Bankhead, Democrat, Alabama, author of the amendment, argued that the votes were ready to adopt this amendment and stated that if it would serve to take sufficient cotton out of production to increase the price, the measure would be self-liquidating in that the price advance would increase the value of the 2,500,000 bales of government-owned cotton by an amount sufficient to justify the action.

Senator Smith, chairman of the Senate agricultural committee, declared

that "it is our duty now to appropriate money to lease this acreage."

At the outset of the meeting, Secretary Wallace pointed out that the recent price advances in cotton had complicated the adjustment problem. The price increase was partly attributed to anticipation by the trade of a production-control program, the Secretary asserted, describing the dilemma created by the narrowing of the margin between the market price and the parity price sought for cotton. This margin represents the limit of the processing taxes, and as the price rises, the funds available for a production-control program from this source become smaller.

Present at the conference, which was presided over by Cully A. Cobb, cotton-production administrator, were representatives of general farm organizations, national cooperative associations, associations of ginners, private agencies engaged in marketing cotton, associations of cotton manufacturers, organizations representing the wholesale and retail trade, farm publication representatives and others interested in the industry.

George Peek, administrator, pointed out the acute situation among farmers and recent social disturbances among the most conservative groups, emphasizing need to remove the causes of these difficulties. It was stressed by the Secretary as well as by Mr. Peek and Mr. Cobb that no definite plan was to be forced on the cotton industry and that the purpose of the meeting was to ascertain the views of those interested in whatever program is devised. Charles J. Brand, coadministrator, and Chester C. Davis, production administrator, were present.

Chester Gray, Washington representative of the American Farm Bureau Federation, submitted a statement from that organization urging immediate plans for acreage reduction this year. The Farm Bureau Federation spokesman urged that a 30 percent reduction in acreage be sought through the use of the rental or option plans combined or through any other methods prescribed in the adjustment act. This group further urged that the farmer be taught the causes of the present difficulties and the necessity of balancing production to meet effective demand. An allotment plan to regulate production in 1934 also was urged in Gray's statment.

The National Grange, an organization of 800,000 farm members represented by Fred Brenckman, submitted a statement which urged immediate action toward a retirement of cotton acreage this year of not less than 20 percent. Mr. Brenckman argued that the price of cotton has a profound influence on the national welfare and that with the weak statistical position of cotton it would be impossible to sustain present prices unless some drastic and immediate program is undertaken. Time is the essence of the program, Brenckman said.

C. O. Moser, secretary of the American Cotton Cooperative Association, submitted a brief statement which urged that cotton acreage be reduced by 30 percent this year and that immediate benefit payments be made to the producers "consistent only with the assurance of cooperation on the part of the farmers."

"Time is one of the limiting factors in the success of any attempt to influence production this season," Moser said.

Each of the three organizations urged that existing personnel be used in the administration of the Act, referring specifically to extension forces already in the field.

The representatives of the textile industry, Mr. Callaway and Mr. Anderson, agreed in the statement that reduction in acreage is the only manner in which the unfavorable statistical position of cotton can be remedied.

Mr. Anderson, one of the South's most extensive textile operators, raised the point that the destruction of existing crops was contrary to "sound economics" but that sound economics, so-called, had not resulted in bringing about national recovery. "Emergency measures are justified," Anderson said, adding that the only way to raise the prices of cotton was to reduce the amount of available cotton to come to the market.

Anderson discussed the processing-tax feature of the measure, stating that it would reduce consumption of cotton goods by adding materially to the price. This would make it obligatory, he said, immediately to impose compensating tariffs on

all fabrics and materials which contain cotton that are imported into America.

"We do not seriously object to a processing tax for ourselves," Anderson stated, adding that such a tax could be and would be passed on and that the result would be unfavorable to the entire program. Anderson expressed the opinion that a moderate reduction in acreage would sustain cotton prices.

Opposition to a program seeking to bring about the abandonment of this year's cotton acreage came from two sources, John C. Thompson, a representative of the Texas ginners, and W. L. Clayton, prominent cotton exporter.

Clayton advocated a permanent program and asserted that the problem must be considered from a world standpoint. The question that must be decided, he said, is whether we are going to produce cotton for world trade or go on a domestic basis.

Clayton suggested that abandonment of American cotton acreage would result in an increase in foreign cotton acreage. He further asserted that one of the principal objections to taking out 30 percent of the cotton this year would be the resultant unemployment. "For four months in the South more men would be unemployed than the President is seeking to recruit in his Civilian Conservation Corps," Clayton said.

Farm paper editors advocated immediate action on an acreage reduction program. Dr. T. K. Wolfe, editor of the Southern Planter, said that it would be "disastrous not to do something for the cotton farmer this year -- disastrous for the farmer and disastrous for the administration." Farmers are not going to stand idly by and see nothing done, he added.

Clarence Roberts, editor of The Oklahoma Farmer Stockman, said that there was an opportunity to present a clear, specific program this year and urged that the program be launched immediately.

Senators Smith, Bankhead and Thomas attended the conference, listened to the statements submitted by all branches of the cotton industry and the three agreed that something must be done for the cotton farmer this season.

"To put it off another year is to destroy hope," Senator Smith said, adding that "none of us had better leave Washington until we have convinced the American farmer and the American people generally that you have sense enough, patriotism enough, and money enough to do what we have promised will be done."

Senator Bankhead said that if a program of attack on this year's cotton crop is abandoned, cotton will go down to six or seven cents this fall when the farmer takes his crop to the market.

Senator Thomas said that the farmers were 99.99 percent back of a program for this year. Senator Thomas advocated development of some legislation for next year that would place cotton production on a quota basis and thus regulate the production. When the farmer has been shown what retirement of acreage will do to the price, Senator Thomas said, a quota allotment plan would be accepted.

Mr. Peek concluded the conference, answering a question raised earlier as to "who represented the farmer here." Mr. Peek said that it was the duty of the Government to intervene on behalf of those who can not act for themselves. He expressed the belief that Congress represented the farmer and that the Secretary of Agriculture and others present were representatives of the farmers. "It is hardly fair to assume that the farmer is not represented at this meeting," Mr. Peek said.

He also stated that he would like to correct another impression which many had, that the consumer would suffer from the levying of processing taxes. He pointed out that the farmer's share of the retail price of a finished article is only a fraction of the retail price, because of the wide spread between what the farmer receives and what the consumer pays. "We expect you to help us to reduce that spread."

Others present at the conference who pledged their cooperation to any

program that might be devised included the Cotton Yarn Merchants Association, National Retail Dry Goods Association, Harold Young, secretary; Wholesale Dry-goods Institute; W. S. Dowdell, president of the New York Cotton Exchange; National Association of Cotton Finishers; National Garment Manufacturers.

John C.Thompson, secretary of the Texas Ginners Association of Dallas, said that the welfare of the cotton farmer in Texas was developed around the idea of acreage and not price per pound. He said that it should be considered that a 30 percent reduction in volume of cotton brought to the gin would result in much unemployment. "We have a hundred million dollars invested in gins," he said. "Cut off our volume and you've got to insure the farmer a good standard of ginning service as present prices of 20 cents a hundred won't do that." He claimed that millions of dollars were lost annually by poor ginning.

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